

Table with exchange rates for various countries including U.S., U.K., France, Germany, etc.



Finance Minister Theo Waigel of Germany fending off reporters Sunday as he arrived for emergency ministerial talks in Brussels.

EC Seeks to Loosen Grid To Save Monetary System

A Rain of Heavy Blows To the European Dream

Paris and Bonn Face a Harsh Test German Frailty Cripples Unity

By Joseph Fitchett... PARIS — Political hopes of a unified Europe will survive, but the crisis engulfing the French franc should shatter the last lingering assumptions among European leaders...

By Craig R. Whitney... BONN — Germany's shoulders, it turns out, are not as broad as either the Germans or their neighbors thought. Ever since the unification of Germany in 1990, supporters of European unity...

As Bosnians Argue, Peace Slips Away

By David B. Ottaway... GENEVA — President Alija Izetbegovic of Bosnia came under heavy criticism Sunday from the other eight members of his delegation...

Ghost of Reagan Haunts Clinton Budget Proposal

Mistrust of All Government Persists... By R.W. Apple Jr. WASHINGTON — It isn't all Bill Clinton's fault. Not by a long shot. The president's protracted, messy effort to push his economic program through Congress...

NEWS ANALYSIS... compromise plan. But administration officials said they were still confident that the plan would be approved. (Page 3) The president has tried to counter "tax and spend" with "fairness" and with a more concerted effort to explain himself.



Villagers in southern Lebanon checking their car Sunday. It had been buried under debris during the Israeli bombardments last week.

Truce Bolsters Israelis' Hopes for Talks

By Chris Hedges... JERUSALEM — The U.S.-brokered cease-fire between Israel and pro-Iranian guerrillas in southern Lebanon survived its first day Sunday and buoyed hopes in Israel that Secretary of State Warren M. Christopher could reinvent the flagging peace talks during his trip to the Middle East this week.

Baudouin's Brother to Succeed Him

BRUSSELS (Reuters) — Belgium's Prince Albert, 59, will succeed to the throne after his brother, King Baudouin, died of a heart attack in Spain, the government said in a statement Sunday. Baudouin, Europe's longest-reigning monarch, died Saturday at 62 while on vacation.

New Young Star in an Old Role: Hollywood's Madam

By Shawn Hubler and James Bates... LOS ANGELES — No wonder California is in the poor-house. Heidi Fleiss was wrecked after her arrest — they sent three police agencies and two canines to nail a 115-pound party girl. And what a ruckus her arrest has raised.

STATESIDE / RAGING WATERS

River Rises but Levees Hold as St. Louis Battles Flood

Compiled by Our Staff From Dispatches

ST. LOUIS, Missouri — The Mississippi River bulged Sunday toward a record crest, but an 11-mile levee protecting St. Louis held, even as other embankments to the south, west and north were breached.

South of the city, divers worked to stabilize huge, highly flammable propane tanks torn loose by earlier floodwaters.

The 30,000-gallon (114,000-liter) tanks, at a Phillips Pipeline facility in south St. Louis, had been knocked off their moorings by the Mississippi River as it spilled over a levee.

"There's a big danger," said a St. Louis police sergeant. "If the tanks rupture, the propane would escape and form a cloud that could ignite and explode," he said. "It could create a massive chain reaction."

The threat forced the evacuation of 700 businesses and homes, many with elderly and disabled residents, in a half-square-mile (1.3-square-kilometer) area where the River Des Peres meets the Mississippi.

The National Weather Service forecast a new Mis-

issippi crest at 49.7 feet (15.2 meters) on Sunday night or Monday in the area, up from the previous forecast of 49.3 feet.

But the Army Corps of Engineers warned a crest as high as 51 feet was possible. "It would be prudent to prepare for 50 or 51 feet," said a spokesman Ken Krachowski. "Predicting crest levels is not an exact science. At this stage of the game, with the river as high as it is, it's better to be safe than sorry."

Another corps official said the levee protecting St. Louis was expected to stand firm against rising currents as it had been "designed for a 52-foot stage," and there was an additional two-foot contingency at the top.

St. Louis now is the focal point of the two months of flooding in nine Midwestern states that has contributed to 45 deaths and caused an estimated \$10 billion in damage. About 50,000 people in the region have been forced to leave their homes.

The Mississippi rose to 49.4 feet at St. Louis early on Sunday but receded slightly early in the afternoon after a levee break near Columbia, Illinois, just south of St. Louis, alleviated some pressure, the National Weather Service said.

The Columbia breach uprooted barns, sheds, silos and farmhouses.

Frantic sandbagging efforts were taking place in St. Charles County, Missouri, north and west of St. Louis, which faces the wrath of both the Missouri and Mississippi rivers. Many of its levees have long since been washed away, and areas that previously had stayed dry were flooded on Sunday.

"There are a lot of levees being overtopped, a lot of new areas being flooded by the Missouri and Mississippi," said a Corps of Engineers official.

North of St. Louis, the Mississippi burst through a sandbag levee and flooded central Alton, Illinois, a city of 34,000, police said.

Central St. Louis and the city's famous Gateway Arch sit on higher ground, safe from the flooding.

But in the south end of the city, leaks popped all along a four-mile (6.5-kilometer) levee protecting homes on the River Des Peres, ordinarily a narrow drainage channel that feeds the Mississippi.

Water also rose through the sewer system in the River Des Peres area, threatening hundreds of wood-frame tract homes, many of which were flooded during the last crest. Officials went door-to-door Sunday telling people to leave.

The city's western suburbs came under siege late Friday when water burst through a Missouri River levee in Chesterfield, flooding farmland, hundreds of businesses and the Spirit of St. Louis Airport, a general aviation facility.

From the air, all that was visible above the murky water at the airport, one of the busiest general aviation airports in the state, were the roofs of some hangars, the tails of aircraft and the control tower.

Most residents had fled in time. But about 30 people had to be plucked off roofs by boat or helicopter.

The flooding forced the cancellation Saturday of relief concerts featuring Bob Dylan, John Mellencamp and others. A major highway was closed by high water, and authorities feared 20,000 concert-goers would delay emergency workers by clogging the remaining roads. (AP, Reuters, WP)

Key Senator Opposes Budget But Gore Is Confident of Votes in Congress

Compiled by Our Staff From Dispatches

WASHINGTON — A key Democratic senator said Sunday that he would vote against President Bill Clinton's deficit-reduction plan, but administration officials remained confident the plan would be approved.

Senator David L. Boren of Oklahoma, who had voted in favor of the Senate version of the plan, said in a television interview that he would vote against the latest version as developed by House and Senate negotiators.

"In conscience I simply must vote against this plan as I see it coming out of the conference committee," he said. "It doesn't keep faith with the taxpayers."

"We started out talking about twice as many spending cuts as tax increases," he said. "I think if we're going to ask the taxpayers to pay \$250 billion more in taxes, we need to be able to look them in the eye and honestly say we've cut all the spending we can — and I don't think we have."

But Vice President Al Gore said Sunday that the administration was confident it would get the votes in both houses to pass the bill.

Lawmakers reported overall agreement late Friday on the main points of a budget plan that is expected to fall short of President Bill Clinton's \$500 billion deficit-reduction target. Officials said that some minor issues remained, but predicted that the final package would be wrapped up in time for votes in the House and Senate this week.

Administration officials were working throughout the weekend, trying to satisfy demands of on-the-fence Democrats in the struggle to hold together a shaky congressional majority.

The officials said they were considering scaling back a proposed tax increase on higher-income Social Security recipients to win the support of some Democratic lawmakers.

All but a handful of issues have been resolved by the budget negotiators, but concluding a deal has been made more difficult by "an utter and absolute lack of discipline on the Democratic side," a Democratic official close to the process said.

Democratic lawmakers know they have the administration and the congressional leadership over a barrel because of the narrow margins of victory by which earlier versions of the package won approval. The House passed the bill May 27 on a 219 to 213 vote, and the Senate followed June 25 by approving it 50 to 49, with Mr. Gore casting a tie-breaking vote.

Senator Russell D. Feingold, Democrat of Wisconsin, was pushing for a moratorium on the sale and use of a bovine growth hormone that would increase milk production by cows. That issue remained a sticking point between House and Senate negotiators working on the agriculture portion of the huge deficit-reduction bill.

The hormone is awaiting Food and Drug Administration approval. Senator Feingold said Saturday that use of the substance "would drive Wisconsin dairy farmers off the land" because of overproduction and force the federal government to pay for large new milk surpluses.

Administration and Senate negotiators, meanwhile, were seeking to persuade Representative Henry A. Waxman, Democrat of California, to go along with the deeper spending cuts in Medicare in return for increased Medicaid funding for undocumented aliens and larger federal matching payments for Puerto Rico and other territories.

Senator Boren grudgingly voted for the package the first time and hinted last week that he would vote against the compromise. He had been insisting on \$30 billion more in Medicare spending restraints, a spokesman said. (UPI, WP)



President Clinton making a point in favor of his budget plan.

An FBI Query On Delay of Note Written by Foster

Compiled by Our Staff From Dispatches

WASHINGTON — The FBI has begun interviewing White House staff members about their handling of a note found in the briefcase of a deputy counsel, Vincent Foster Jr., to determine why they waited 30 hours before turning it over to police investigating Mr. Foster's apparent suicide.

U.S. News & World Report reported Saturday that the Foster note discussed embarrassment over the firings of White House travel office workers and his distress about critical editorials in The Wall Street Journal. White House officials have characterized the note as the outline of a resignation letter but have not released its contents because Mr. Foster's death July 20 is still being investigated.

Although the note was discovered by an aide to a White House counsel, Bernard Nussbaum, last Monday, it was not handed over to the Park Police until Tuesday evening after a series of high-level debates that ultimately involved Attorney General Janet Reno.

The delay aroused concerns among investigators that the White House was withholding evidence. But White House officials have said the delay occurred because they wanted to first provide a copy to Mr. Foster's widow.

★ POLITICAL NOTES ★

Perot Flunks Quiz on His Budget Plan

WASHINGTON — Ross Perot, who says Congress should reject President Bill Clinton's economic program in favor of one that would balance the budget, was asked Sunday how he would balance it. He couldn't say.

Under questioning from a panel of reporters on a television interview show, the Texas businessman responded defensively about the details of his own proposed spending cuts, the gaps in his plan and the impact of his budget on lower-income Americans.

"Well, if you had told me that you wanted that, I would have come in with a very detailed list and given it to you," Mr. Perot said in answer to a question about how he would achieve the \$141 billion in Medicare and Medicaid cuts his plan calls for.

He was reminded that he had been asked a similarly detailed question about the health care figures on national television earlier this year. The Texas businessman shot back that the reporters were trying "to do a gotcha" on him and said it was pointless to debate his plan when it was Mr. Clinton's plan that was before Congress. (WP)

Actress to Be Named to Arts Endowment Job

WASHINGTON — President Bill Clinton has decided to name the actress Jane Alexander to head the National Endowment for the Arts, a White House official said. The appointment of Ms. Alexander, 53, will bring to an end what has been reported as a deep conflict within the White House between her supporters and backers of Deborah Sale, a longtime friend of Mr. Clinton's who was an aide in his campaign.

Unlike previous heads of the arts endowment, Ms. Alexander will start her tenure with a high degree of national recognition. Among her roles has been Eleanor Roosevelt in "Eleanor and Franklin: The White House Years," an acclaimed television program in the 1970s.

Ms. Alexander's advocates have argued that her distinction as a performing artist would inspire a demoralized constituency of artists and their supporters and that she would present a difficult target for critics of the endowment. The arts endowment and the National Endowment for the Humanities have in recent years been attacked by members of Congress and others who question the federal government's role in cultural affairs, specifically in awarding grants to artists whose work treats sexual and religious subjects in a controversial way. (NYT)

Quote/Unquote

A Republican friend of former Vice President Dan Quayle, on Mr. Quayle's virtual disappearance from the Washington scene and the lack of speculation about whether he will run for president in 1996: "He's in some danger of falling off the end of the Earth." (WP)

Away From Politics

- Part of a federal prison north of Phoenix, Arizona, was destroyed by fire during a four-hour riot by 300 inmates.
- The wheelchair-bound director of a presidential commission for the disabled, Rick Douglas, said he had to drag himself onto a United Express flight at Washington's Dulles International Airport because there was no equipment to lift him on board. An airline spokesman said that because of safety concerns wheelchair-bound passengers are not allowed on United Express commuter planes that have no flight attendant. But the airline eventually permitted him to board.
- Two prisoners in Tallahassee, Florida, have filed a lawsuit demanding that the state separate inmates with AIDS. They say they are afraid of contracting the disease through foul play, unsanitary conditions or rape.
- New York City health officials said an alert over high bacteria levels in drinking water had been lifted in parts of lower Manhattan. But they said the bacteria had reappeared in Manhattan's Chelsea section, forcing city officials, who still do not know the cause of the problem, to continue advising 25,000 residents there to boil their water before drinking. (AP, AFP, NYT, UPI)

Heroin, Ignored for Years, Is Climbing the U.S. Hits List

By Joseph B. Treaster
New York Times Service

NEW YORK — Even with her striking beauty, hardly anyone seemed to notice the young model as she glided through the swarm of heroin dealers and glassy-eyed junkies on a patch of steamy pavement in East Harlem.

This was not her crowd, but they had what she needed and she wanted what she had to get her drug. She was one of the new ones, drawn to a high grade of heroin that does not need to be injected with a hypodermic needle but can be inhaled like cocaine without the slightest damage.

For several years, drug experts and law enforcement officials have been saying that bumper crops of opium poppies, the raw material for heroin, foreshadowed a resurgence of heroin use. Now, evidence is accumulating in New York and other American cities that the alarming potential is becoming a scary reality.

"There has unquestionably been a significant increase in the use of heroin in the United States," said Robert C. Bonner, the head of the Drug Enforcement Administration in Washington. "And it appears to be continuing to expand."

Although officials are unable to quantify the increase in heroin use, police officials, drug researchers and social workers in New York, Chicago, Newark, Detroit, Los Angeles and San Diego say they are seeing numerous signs of growing availability, heightened use and increased medical problems associated with the drug.

In many cities, they say, heroin is now being sold in places where only crack and powdered cocaine had been available.

"People buying crack would say, 'Do you know where I can get some heroin?' and it took off like that," said Anthony Davis, a counselor at the McAlister Institute drug treatment center in San Diego. As a result, many users have become addicted to both drugs, experts say.

Because of the growing availability of the drug, the purity, or concentration, of the heroin is at an all-

time high, officials said. Thomas F. O'Grady, chief of the heroin investigations section of the Drug Enforcement Administration, said that as recently as 10 years ago, a \$10 bag of heroin consisted mainly of dilutants and contained only 3 percent to 4 percent of the drug. Now, he said, the average purity of heroin in the United States is nearly 35 percent.

The mix sold in New York is nearly 64 percent heroin, he said, and in Boston, where the nation's purest heroin is being sold, the heroin content is 81 percent. Such pure blends make the drug both more desirable and more dangerous.

"At high levels of purity, you can snort heroin and get a pretty good high," said Dr. Robert B. Millman, the director of drug and alcohol abuse programs at the New York Hospital-Payne Whitney Clinic. "But when the purity was 3 or 4 percent, you had to inject the drug to get the desired effect. The needle always scared away some people. Now that barrier is gone."

But, Dr. Millman said, heroin users immediately begin developing a tolerance for the drug and require larger and larger doses to approximate the original impact. The larger the dose, of course, the greater the cost. As a result, he said, most users reach a point at which they begin the more efficient practice of injecting the drug.

The thought of a tidal wave of new heroin injectors terrifies health-care workers, since intravenous-drug users have the highest rate of infection of the virus that causes AIDS. More than half of those in New York are infected.

Unlike the crack explosion in the 1980s, the new wave of heroin has spread across the country gradually. "Two years ago, if you were young people were using drugs, it was cocaine," said Dr. Lawrence J. Ouellet, a sociologist at the University of Illinois. "Now many of them are using heroin. It's happening little by little."

Federal officials say heroin has also found its way into smaller cities such as Springfield, Massachusetts, and Milwaukee, where it had previously been a rarity, and has been showing up on college campuses on the East Coast.

After crippling millions of Americans, cocaine has, for many, become a drugged substance. Heroin, though, seems to be another matter. It has been more than 20 years since President Richard Nixon called it Public Enemy No. 1, and memories are short.

Despite Signs, Quick U.S.-Cuban Thaw Is Unlikely

By Douglas Farah
Washington Post Service

HAVANA — Relations between Cuba's Marxist government and Washington are less hostile than at any time in the past 15 years, with a sharp drop in the verbal feuding that characterized recent years.

But officials in both countries say the complexity of the problems make dramatic change unlikely soon.

As President Fidel Castro has been forced to open the island's economy to foreign investment and tourism to stave off economic collapse, he has openly courted the Clinton administration in the hope of ending the 32-year U.S. economic embargo.

In a speech last week announcing the most profound economic changes since the 1959 revolution, Mr. Castro said Cuba would have only enough hard currency to import \$1.7 billion in goods this year, compared with \$8 billion in 1989, when assistance from the former Soviet bloc virtually negated the embargo.

The Clinton administration has taken several small steps to allay Cuban fears of U.S. intentions toward the island. But the main estimates have cost the nation \$40 billion, and U.S. criticism of human-rights abuses and lack of political pluralism in Cuba — are not close to resolution.

Officials and academics who study Cuba said, though, that the current thaw could lead to a slow but significant improvement in relations in the long term.

The arrival of a Democrat in the White House was accompanied by a decline in the influence of Miami's hard-line Cuban American National Foundation, which backed Republican candidates and had easy access to presidents for 12 years.

Speculation was high here that a major policy shift could be under way, fed by Mr. Castro's frequent praise of President Bill Clinton and his economic shift in hopes of staying off economic collapse. But the initial hope has been tempered somewhat as time has passed.

Since the end of May, the government has allowed four dissidents to leave jail early and permitted a prominent dissident, Elizardo Sánchez, to leave the country on a speaking tour. Cuban officials denied the moves were directly tied to seeking better U.S. relations but said they hoped Mr. Clinton would prove capable of new thinking.

"It is true there has been a sharp decline in hostile rhetoric, and the Clinton administration has engaged in a more-normal dialogue," said Bienvenido Garcia, head of the North America section of the Foreign Ministry. "There has unquestionably been a change from the Reagan and Bush administrations, and we see people in the new administration open to dialogue, not confrontation. But we should not be too optimistic."

Administration officials said Cuba had been reading too much into U.S. actions.

"We need to see fundamental changes in Cuba and its approach to human rights, to democracy, to a range of conditions before there can be further discussions of how best to change this relationship," a State Department spokesman, Michael McCurry, said.

Another U.S. official said the conditions for serious talks would not change soon. "We ain't sinking under the waves," he said. "They are."

In a First, Comet Grounds the Shuttle

By William J. Broad
New York Times Service

NEW YORK — Celestial events rarely influence the course of human history, but a passing comet has forced the U.S. space agency to postpone a planned flight of the space shuttle Discovery. The comet has left an unusually heavy shower of debris in the intended path of the craft, which raises the risk of collision.

It is the first time that a NASA astronaut mission has been delayed by a meteor shower.

The Perseids shower is one of the most spectacular sights of the summer sky.

This year the shower is expected to be exceptionally strong because of the recent passage near the Earth of its source, the comet Swift-Tuttle, a mountain of ice and dirt 6 miles (10 kilometers) wide that sheds debris as it travels. On the nights of Aug. 11 and 12, the shower is expected to reach a once-in-a-lifetime peak in which the night sky comes alive with dozens of flashes of light every minute.

Pondering all this, belatedly perhaps, the National Aeronautics and Space Administration announced that it would postpone yet again the star-crossed mission of Discovery, which had been scheduled to blast off Wednesday on a one-day flight that would have left it vulnerable in space.

The space agency said the shower was expected to be extremely heavy, "increasing the chances that a spacecraft in Earth orbit could be damaged by a piece of the debris."

Although the risk of a space collision is considered small, NASA officials say the increased odds are too great to ignore.

So the shuttle mission, twice delayed by technical problems, will be postponed until Aug. 12, when the shower will have passed its peak.

Shuttles often fly through meteor showers, and normally take little note of them. Usually they are relatively small, and the risks they present are far smaller than those posed by the man-made debris that circles the Earth.

Experts say exploded satellites and discarded rockets have created about 30,000 pieces of space junk. Although most pieces are about the size of an aspirin tablet, they move so fast that the force of an impact on a spacecraft could equal that of a small bomb.

The comet Swift-Tuttle is in an orbit that repeats itself every 130 years or so, all the while creating a river of particles in its wake. As Earth passes through this river each year, the sky is filled with flashes of light when the pieces burn up in the atmosphere.

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Q & A: After Storms, Real European Monetary Union?

One of the most outspoken critics of the way the European Monetary System has operated during the past few years has been Rüdiger Dornbusch, professor of economics at Massachusetts Institute of Technology.

Q. The EMS in your view it has outlived its usefulness in its present form. Why? A. It was a very productive as a system of convergence with occasional realignments to less and less frequent ones, but the world has changed. Germany has had an inflation problem, one of the worst in the postwar period, and France has no inflation problem for the first time in the postwar period and is moving into a severe recession.

ing it — but over the last year they have done the right thing. If they cut their rates an extra quarter of a percentage point, what difference would it have made? People were hanging on the lips of the Bundesbank to see if there was a slight smile or not, and that would only postpone the problem by a week.

Q. You have a country like Belgium with a fantastic public debt, totally unable to bear high interest rates. You have Spain, with unemployment rates of 25 percent. They are deeply sick. They have to depreciate their currencies in order to have radically lower interest rates.

Q. Economists like you often argue that economies can be adjusted by fiddling with exchange rates, especially in high trading areas like Europe. Don't you need to do more than that? A. It really is the interest rate that is critical between Germany and France. If France runs 4 percent interest rates, the only way I would hold French francs is if I think the franc is undervalued.

petitive problem, but Germany would also have disinflation much faster. When the French franc goes down, German import prices go down with it — and that means the Bundesbank can declare more rapid success on disinflation, which means more pressure on German firms not to give wage increases. The Bundesbank could then cut interest rates.

Q. How can you be sure this mess doesn't happen again? A. You have to do it so you get married. In the 1980s, they were only going steadily. In the last two years they were engaged, with much discussion about the marriage contract — but that was far off. The marriage should be a European Monetary Union: a joint independent central bank, no further possibility of independent national policies. There is no need for a grand design. The right way is pragmatic: take the harder currencies, France and Germany, put them together and let their independent central banks jointly run monetary policy. The moment Germany has the financial stability that France has, they can go back together.

GERMANY: Unsuspected Weaknesses in Bonn Put Brakes on Campaign for a Common European Currency

Continued from Page 1. 1991. The treaty laid down a path to a common European currency as early as 1997, and committed the EC to the goal of a common foreign policy, as well.

Second thoughts have since abounded all over Europe, but Germany has been the main scapegoat for what has gone wrong. And for all the fears of Germany throwing its weight around, it has been

Germany's political system was not designed to make crucial strategic or military decisions, which were left to the United States and the North Atlantic Treaty Organization, and it has not been able to solve this economic riddle, or some political ones.

After unification, Germany had the biggest standing army in Western Europe, but — far from being a military colossus — it seemed more like Prometheus bound. Germany declared itself unable to send troops in the Gulf, to the Balkans, or anywhere else beyond its borders because the constitution of 1949 barred it from any military action abroad.

Germany's one attempt to throw its political weight around, just after the Maastricht treaty was signed, backfired disastrously. Believing that recognizing the independence of Croatia and Slovenia in late 1992 would deter Serbia

from attacking them, Germany reroadred its allies into going along in the name of the common foreign policy they had just agreed to in the treaty.

Many now blame premature recognition of Bosnia-Herzegovina for inciting Serbian attacks there, and say the Germans bear special responsibility for the tragedy. When Secretary of State Warren M. Christopher pointed the finger at Germany again, in June, German diplomats reacted with strong protests.

But the fact remained that, whatever Germany might or might not have done to lead its European partners into a mess in the Balkans, it was unable to do much to help them out of it. At the Bundesbank, President

U.S. Will Pressure Syria on Arms for Hezbollah Militants

By R. Jeffrey Smith, Washington Post Service

TRUCE: Hopes for Talks

Continued from Page 1. many of whom began to filter back to the south today. It left over 130 people dead, including 3 Israelis and 3 Syrians, and 500 wounded, most of whom were Lebanese civilians.

But in Lebanon, the head of the Iranian-backed Hezbollah guerrillas, Sheikh Hassan Nasrallah, said that no one could agree to a comprehensive cease-fire with Israel and that "even in the matter of rocket attacks there is no cease-fire or agreement."

Prime Minister Yitzhak Rabin warned that he was ready to resume hostilities if the rocket attacks were renewed on northern Israel. Mr. Rabin, at a briefing with the parliament's Foreign Affairs Committee, said Israel still had the forces in place to attack beyond its self-declared security zone.

"We have to be careful and see how the understandings are realized," the prime minister said. "I am not impressed by words, only by deeds. This will be the yardstick for what follows."

Israeli officials said they did not consider the attack a serious breach of the cease-fire agreement. These officials said that the agreement, orchestrated by Secretary Christopher, did not prohibit attacks on Israeli positions in the 15-kilometer-deep (nine-mile) buffer zone in southern Lebanon, set up by Israel in 1985, and did not call for the dismantling of the Hezbollah guerrillas.

FAULT: Ghostly Reagan Presence

Continued from Page 1. fell far short of a majority of the popular vote last November. That has hurt him.

the budget package passed, with a credible amount of deficit reduction built in. Failure would be ruinous for him and for his party.

But once that is done, how long it has taken him to do it and how many votes he wins by will not matter so much. What will count is whether this and subsequent economic measures create jobs and speed the recovery. That, after all, is what Mr. Clinton spent 1992 insisting he could and would do and George Bush could not or would not.

EUROPE: Harsh Test for Leaders

Continued from Page 1. lessness. Cloaked in Brussels all last week, Europe's top financial officials offered no public hints in their governments' thinking about different options.

Both these leaders can be expected to play their hands skillfully, arguing that the European Monetary Union, slightly modified, and Franco-German policy coordination have emerged strengthened from a severe test.

Those arguments, over the longer run, may be vindicated, especially if current hints of economic recovery in both countries come true in the months ahead. That prospect, which could be fostered by a greater measure of exchange-rate flexibility, is critical for Mr. Balladur's long-run political fortunes and for Mr. Kohl's chances of holding office in elections next year.

Although the crisis has demonstrated France's continued economic dependence on Germany, Balladur government aides said this weekend that France had successfully pressed the Bonn government — with threats to abandon the European Monetary System — into concessions that will improve the EC system.

Nonetheless, Mr. Balladur staked his reputation squarely in the value of the French franc, announcing that he would "not be the prime minister who presides over a devaluation."

In effect, that compelled the Balladur government to pursue economic policies similar to Germany's, even if the French circumstances of low inflation and high unemployment pointed to a different approach.

Even assuming that the fallout can be contained, the market turmoil is liable to take a psychological toll, deepening French fears of German economic clout and fueling protectionist pressures in France, officials predicted.

Prime Minister Edouard Balladur and to some degree Chancellor Helmut Kohl have suffered sharp setbacks in their hopes of carrying their publics toward stronger European ties. Both must now count on facing stronger anti-EC sentiments which are liable to worsen strains within their parties.

Particularly Mr. Balladur, who has built his position as a moderate partly on his backing of the pro-European views of President Francois Mitterrand, will face a stronger revolt from factions of his Gaullist party who believe that France needs more financial independence to create jobs.

Similar Euroscepticism will be fueled in other European countries, too. But the backlash will be most acute in France and Germany because the solid tie between the two countries' currencies symbolized the idea that Germany's economic model was a panacea, the key to a prosperous and therefore politically buoyant Europe.

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Madam: Hollywood Arrest Has Celebrities Worried

Continued from Page 1. Together, they became a fixture of Los Angeles nightlife. "There was one party for Mick Jagger, and the house just got thrashed," Miss Sellers said. "There were women climbing up the side of the hill in get in."

The police operation was complicated, like so much in Miss Fleiss's life. But what triggered it was simple, said Vice Captain Glenn Askerman: "Her own big mouth."

She lived lavishly. Gossip columns made references in her tabloids sent paparazzi to shoot her photograph. And, the police said, there were complaints aplenty about her from rival madams, jealous boyfriends and spurned employees.

On June 9, the authorities swept into Miss Fleiss's house, seizing 13 grams (about half an ounce) of cocaine and other evidence, including traveler's checks signed, according to Miss Fleiss, by a well-known actor. She was arrested on felony pimping, pandering and narcotics charges.

BOSNIA: Peace Slips Away Again

Continued from Page 1. The article states that the the union "will be a member state of the United Nations" instead of saying, as an earlier draft did, that it already "is" a member. In any case, Mr. Iztbegovic's legal advisers argue that it is up to the United Nations to decide on membership, not the parties to the agreement.

It now turns out that the Muslim president gave his assent to a document drafted by the two international mediators, Lord Owen and Thorvald Stoltenberg, before holding any discussions with other members of his delegation or even submitting it for review to his lawyers.

In addition, the precise language of various amendments to the agreement were left up to the mediators' legal advisers to devise only after Mr. Iztbegovic had already approved the document.

Now Mr. Iztbegovic's own chief legal expert, Francis A. Boyle, an American, has sharply criticized the agreement and expressed considerable doubt that the proposed "union of republics," an entity without a national army, police, central bank or currency, will ever be recognized as the legal successor to the Bosnian republic.

Indian Jet Safe After Hitting Jeep

United Press International. BOMBAY — An Air-India jetliner en route from Frankfurt with more than 400 people on board struck a jeep Sunday but managed to land safely, airport officials said.

One of the engines on the Boeing 747 struck the vehicle, which was traveling across the runway as the plane was landing, officials said. The jeep overturned, seriously injuring its two occupants, both identified as officials of the state-run International Airport Authority of India.

None of the plane's 387 passengers and 21 crewmembers was reported injured. The accident, however, resulted in a disruption of service, with several incoming flights diverted to other cities, officials said.

Emirates Forge Bosnia Tie Abu Dhabi — The United Arab Emirates said Sunday that they had established full diplomatic relations with Bosnia-Herzegovina and Vietnam. The Emirates will exchange ambassadors with both countries, the official Emirates News Agency said.

At first, the police say, Miss Fleiss operated out of a quiet cottage in Hollywood. According to a law enforcement affidavit, the prostitutes charged customers \$1,500, and Miss Fleiss received 40 percent of the money. Soon she moved to the sprawling ranch house in Benedict Canyon. The home became a sort of bachelor woman's club. The actress Victoria Sellers moved in with her.

Liberal Democrats Vow Cooperation

Party Chief Supports Reform But Cites Coalition's Fragility

Compiled by Our Staff From Dispatches
TOKYO—The new head of the Liberal Democratic Party, which is set to assume an opposition role for the first time in nearly four decades, said Sunday he would help the new government push through reform measures.

Regarding specific policies such as political reform, we are ready to cooperate with the coalition government," said Yoshi Kono, the party's new president.

A majority coalition headed by Morihiro Hosokawa seems bound to come to power on Thursday when the parliament convenes, and Mr. Hosokawa is expected to be elected prime minister. It will be the first non-Liberal Democratic government in Japan in 38 years.

Mr. Kono said in a television interview that the Liberal Democrats, faced with the unfamiliar opposition role, would support the plans of the seven-party coalition to streamline the electoral system and make political campaigns less expensive.

The two sides have basically agreed to replace the multi-seat electoral system with single-seat constituencies, combined with a proportional representation system.

Mr. Kono said his biggest concern regarding the projected new government were its fragile nature and difficulties in fiscal affairs.

"We can attack the new government viciously, but we won't do

that," he said. "It is very fragile and we must be ready to take back the reins of government as soon as it breaks up."

Mr. Hosokawa left Sunday for his summer retreat in Karuizawa, north of Tokyo, to contemplate ways to keep a balance among the parties in his new cabinet.

"The biggest issue is how to keep stability in the new government," Mr. Hosokawa said.

He refused to discuss candidates for major cabinet posts, but Japanese newspapers said that Tsutomu Hata, the leader of the Liberal Democratic rebels who set up the Japan Renewal Party, would be named deputy prime minister and finance minister.

Masayoshi Takemura, an ally of Mr. Hosokawa and the leader of the New Horizons Party, a second group of Liberal Democratic defectors, was expected to be named chief cabinet secretary. He would be responsible for coordinating policy among cabinet members and would also act as top government spokesman.

Keigo Ouchi, chairman of the Democratic Socialist Party, one of the seven coalition members, said Sunday that the new government might be a caretaker administration.

"It should make an appeal to the confidence of the people after settling major problems now facing Japan," Mr. Ouchi said in a television interview. (Reuters, AFP)

A New Japan? A Crafty Politician Offers a Blueprint

By David E. Sanger
New York Times Staff

TOKYO—Japan has always had prime ministers, and always had a small clique of other politicians who really ran the country. Not surprisingly, for all the tumult over reform and change here in the last week, some things have stayed much the same.

So while the capital was immersed in one of the most remarkable power scrambles this nation has seen since 1945, Japanese flocked to the bookstores to snap up the latest book explaining the future of their country.

But "Blueprints for Building a New Japan" was not written by Morihiro Hosokawa, the renegade populist about to become the country's first prime minister from outside the Liberal Democratic Party since 1955. The author is Ichiro Ozawa, the crafty, conservative politician whose strategy brought Mr. Hosokawa to power.

It is Mr. Ozawa whose name, now more than ever, strikes fear among his old colleagues in the former governing party, and whose book soared to the top of the best-seller lists with sales so far of a quarter of a million copies.

"What must Japan do to become an international

nation?" Mr. Ozawa asks in the book. "The answer is not especially complicated. Japan must become a 'normal nation.'"

"The first requirement of a 'normal nation' is that it willingly accept those roles and missions that international society expects it to shoulder," the book continues. "Japan should not insist on practices that are accepted only within Japanese society. Nor must it begrudge taking action, or blame 'international pressure,' for the decision to shoulder what are politically difficult responsibilities."

While in the West the ouster of the old ruling camp may seem like a miniature revolution, in Tokyo it is regarded as one of Mr. Ozawa's opening chess moves, the first in a careful strategy to reshape the political landscape.

As usual, the 51-year-old Mr. Ozawa is saying very little. And the silence has only heightened the mystery surrounding his endgame.

So far, no one is suggesting that the independent-minded Mr. Hosokawa, whose relations with Mr. Ozawa are said to be strained, will be a puppet prime minister. They have worked together before; both grew up in the Tanaka faction of the Liberal Democratic Party, run by the prime minister who was

disgraced in party's first giant influence-peddling case, the Lockheed scandal of the 1970s.

A former governor with an upright image and much to say about what is wrong with the directions in which Japan has veered in recent years, Mr. Hosokawa gives the new coalition an air of cleanliness. That is something it badly needs, because so many of its leading members—especially Mr. Ozawa himself—have such close ties to corrupt leaders of the ousted party.

But Mr. Hosokawa cannot survive without Mr. Ozawa and his partner, the former finance minister, Tsutomu Hata. They hold deep connections to the bureaucracy and the business world, both of which are likely to have their knives out for the new prime minister.

And while Mr. Hosokawa's party has captured the public's attention with its high-minded talk of deregulation and improving the lot of ordinary workers, it was the Ozawa-Hata alliance that exploited the blind spots of the aging Liberal Democratic Party and shattered its hold on power.

"For the past two months, he has consistently run circles around the LDP," a politician with no love but grudging admiration for Mr. Ozawa said. "He under-

stands how to catch the wave of a public mood and turn it to his purposes."

Now, the key element of catching that wave was restraining the temptation to give the prime minister-ship to Mr. Hata, the public face of the Japan Renewal Party.

"In the Japanese circumstances, it is definitely Hata and Ozawa who are the more powerful, so Hata would have been the choice," said Hajime Ishii, who defected from the Liberal Democrats with the two men last month.

But to establish a coalition with enough votes to oust the Liberal Democrats, they needed Mr. Hosokawa. And because of their links in the corrupt old regime—where Mr. Ozawa was the chief lieutenant of Shin Kanemaru, the former power broker who symbolized the old party's greed and influence-peddling—both men needed to make a public display of *kejime*, which roughly translates as drawing a line between old and new.

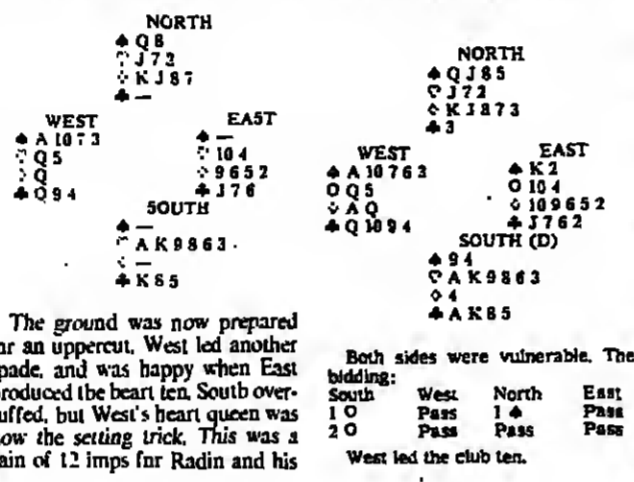
"Mr. Hosokawa was not chosen," Mr. Ishii said. "He was just there. For the times, he was the most suitable person." For Mr. Hata and Mr. Ozawa, Mr. Ishii said, "giving up the prime minister-ship this time, well, this is good *kejime*."

BRIDGE

By Alan Truscott

ON THE diagrammed deal, in four hearts, South won the opening club lead with the ace and led his singleton diamond. West put up the ace and noted that his partner played the ten. He diagnosed this as a suit-preference signal for spades, and accordingly underled his ace.

East won the king and returned the suit, reaching his position when West took the ace:



The ground was now prepared for an uppercut. West led another spade, and was happy when East produced the heart ten. South overruffed, but West's heart queen was now the setting trick. This was a gain of 12 imps for Radin and his teammates, for in the replay East-West had the same opportunity but did not take advantage of it.

It is clear that South would have made his contract if he had immediately drawn trumps and led a diamond or better, a spade. It is less clear that his actual play was wrong. The layout was unlucky for him, and the diamond play could have been right with a different lead of the defenders' cards. Playing trumps immediately would often result in a three-trick defeat.

Both sides were vulnerable. The bidding: West 1♠, East 1♥, West 2♠, East 2♥, West 3♠, East 3♥, West 4♥, East 4♥.

West led the club ten.

BOOKS

WHAT THEY'RE READING

Ricky Leacock, documentary filmmaker, is reading A. Craig Copeland's book on Russia, "Bear Hunting With the Politburo" and "Rationalism in Politics and Other Essays" by Michael Oakeshott.

"Bear Hunting" is a "shocking view of what is happening to our old ideals," Oakeshott is "very slow going so there must be a liberal interlarding of Agatha Christie." (Mike Zwerin, JHT)



Epstein was born on the Lower East Side of Manhattan, the son of a Polish Jewish immigrant, and had studied in Paris before he chose — for no clear reason — to settle in London. He became a British citizen, but his adopted countrymen never quite got used to him. Though his work was traditional, his traditions were not familiar English ones: there were African influences in his carvings, and critics called other pieces "Asian" and "Indo-Chinese." No artist working in England was less English.

The years between the wars were a time of anti-Semitism in England as in the rest of Europe. Certainly Epstein suffered much abuse from British fascists — swastikas were painted on his house, and the fascist press attacked him mercilessly. But there was more than anti-Semitism in the hostility he attracted; he was a suspicious, belligerent, self-centered man, and as he pursued his own way through life he trod on the toes of English propriety. He had mistresses, and his mistresses had his children; he tried to avoid World War I, and once he was

called up he deserted; he despised the Royal Academy and ridiculed conservative artists. And the Establishment got even, as it does.

If you put these particulars together, concentrating on the acts of vandalism, the Bohemian behavior and the critical attacks, you have a conventional romantic story of an artist-martyr at odds with society. But you don't have the whole story of Epstein's career. There is another tale that begins with the 25-year-old sculptor arriving in London in 1905, penniless and unknown. In two years he wins a major commission, he begins to exhibit and sell his work, he acquires patrons and admirers; eventually he settles in London in Hyde Park Gate, across the street from Winston Churchill. His portrait busts become as fashionable as Sargent portraits a generation earlier; everyone wants to be modeled by Epstein. At Blackpool people queue to see and be shocked by his massive "Adam." Newspapers report his opinions and review his shows. This Epstein is knighted, given an Oxford degree, lives to see his work placed in Westminster Ab-

bey, Parliament Square and the Tate Gallery. When he dies, his memorial service is held in Saint Paul's.

Stephen Gardiner's biography of Epstein contains the details of both stories, but his subtitle tells which one he will promote: his line is the "Artist Against the Establishment." To keep that line intact he will do violence to characters and careers and will misinterpret obvious details in Epstein's life. Epstein was in many ways an unattractive man, grasping and impatient with generous patrons, slow to complete work but quick to demand payment, suspicious to the point of paranoia, cruelly insensitive in his treatment of the many women in his life. He was sometimes a good sculptor and sometimes a bad one, and he was the same as a man. But Gardiner won't have it so, not even when the actions he describes contradict his approving interpretations.

Epstein was an unusual artist in two ways: in the century of Cubism and Abstraction he remained unwaveringly representational, and in a time of specialization he made distinguished works of art both as a carver and as a modeller.

All his life, even when he was Sir Jacob, Epstein remained an outsider. But all those groups to which he didn't quite belong — Christians, believing Jews, Englishmen, the artistic Establishment — owe him a great debt, far continuing to be himself. So do we all.

Samuel Hynes, whose books include "The Edwardian Turn of Mind" and the recent "A War Imagined: The First World War and English Culture," wrote this for The Washington Post.

Alfred Manessier Dies, French Abstract Artist

Compiled by Our Staff From Dispatches
Alfred Manessier, 81, one of France's leading abstract artists, died Sunday in Orleans, four days after being severely injured in an automobile accident.

After early Cubist and Surrealist periods, he turned to abstract works of religious inspiration after living for a time during World War II in a Trappist monastery.

He achieved international recognition in the 1950s as the author of modern stained-glass windows in cathedrals in Essen and Berlin, as well as tapestries, including ones for the foyer of the Maison de la Radio in Paris and the French Embassy in Washington.

Born into a merchant family in the north of France in 1911, he grew up in Abbeville and studied architecture until his father's death in 1936 allowed him to explore his passion for painting. (AP, Reuters)

Representative Paul B. Henry of Michigan, whose hard work and moderate views made him a star in the Republican Party, died Saturday in Grand Rapids of brain cancer. He was 51.

Dan Dowling, 87, a longtime political cartoonist for the New York Herald Tribune and other newspapers, died Tuesday of congestive heart failure in Monterey, California.

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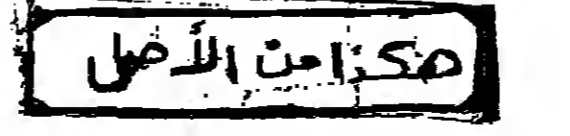
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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No Imperial Relapse

Two years ago, Moscow lost an empire, stranding 25 million ethnic Russians in newly independent republics...

given the problem the priority it deserves. If the nationalists managed to steer Europe's largest state...

Progress for Japanese

Democracy is alive and well in Japan. It is only a first step, of course, but the millions of Japanese who voted two weeks ago...

President Bill Clinton might call for issues. The coalition platform talks about economic stimulus to foreign policy...

Killing Homeless Children

No part of the world is immune to violence. From armed conflicts in the Middle East to ethnic bloodbaths in Bosnia and South Africa...

Affairs cities, Guatemala as another danger spot. But just as some children are being persecuted, a few are being offered more than a future of delinquency, jail or death...

Other Comment

Do It the Frankfurt Way
In spite of the burden of unification that runs into the billions, the mark is doing well...

The 'Europe' They Clothed Wasn't There

By Brian Beedham

LONDON — It was time somebody said to them: Please, rub your eyes, look again; stop pretending to see something you cannot see...

and marched over the border. A third of Croatia had been seized, and the rest of the disaster was inexorably unfolding...

Japan May Change, but Don't Hold Your Breath

By James Fallows

WASHINGTON — By the time an ill George Bush collapsed into Kichii Miyazawa's lap in Tokyo 18 months ago, it was easy to imagine that President Bush and his Republican government might be out of power soon...

roads against the Liberal Democrats. It could be many years before a strong elected leadership can get the upper hand on the bureaucrats...

Turn the War Criminals Into Pariahs

By Stephen S. Rosenfeld

WASHINGTON — It is the right moment to be reminded by the human rights nags at Helsinki Watch that the United Nations has dithered on its pledge to prosecute war crimes in the old Yugoslavia...

These men with comrades rushed into the woods. The last time they killed Germans with bayonets and slaughtered many with automatic rifles...

Yes, Beijing Should Get The Games

By Jonathan Kolatch

WASHINGTON — The International Olympic Committee will meet in Monte Carlo next month to decide which of six cities will host the Summer Olympics of 2000...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Argentine Crisis

PARIS — South America cannot get rid of its crises and its revolutions. Now the Argentine Republic is once more in the throes of a revolution...

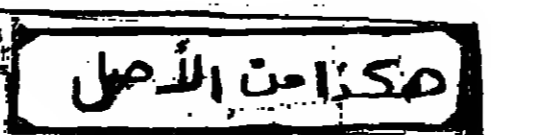
1918: Bitter Fighting

WITH THE AMERICAN ARMIES — American troops continued to advance today [Aug. 1] in the face of the bitterest opposition from Prussians and Bavarians...

1943: Oil Fields Hit

CAIRO — [From our New York edition:] Nearly 200 Liberator bombers of the American 9th Air Force, based in the Middle East, dropped 300 tons of high explosives on the important oil refineries at Ploesti, Rumania...

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CAPITAL MARKETS

Ecu Bonds Could Benefit As a Medium-Term Haven

By Tim Farrand
LONDON — Ecu bonds stand to lose out against most European debt investments in the short term from the collapse of the European Monetary System's exchange mechanism...

Mr. Tyley said he expected Ecu bonds to rebound from their current levels to outperform French government bonds by around one percentage point of yield within the next month.

Once things settle down and go back to sound evaluation, the value of the Ecu will be clear.

The betting was on devaluation of the Danish kroner with Friday's Eurobond issue by Great Belt A/S, which was snapped up by both foreign and domestic investors.

Hong Kong Plans Sale Of OTB To Guoco

Bloomberg Business News
HONG KONG — The Hong Kong government said Sunday that it signed an agreement to sell Overseas Trust Bank to Guoco Group Ltd., an investment company listed in Hong Kong.

Guoco, which is controlled by Hong Leong Co. of Malaysia, is to pay the adjusted net asset value of OTB plus a premium of 420 million Hong Kong dollars (\$54.2 million).

When the government said last month that it had reached an agreement in principle to sell OTB to Guoco, analysts estimated the final price would be between 4.5 and 4.8 billion Hong Kong dollars.

U.S. Weighs New Microsoft Inquiry

By John Markoff
NEW YORK — The U.S. Justice Department is exploring whether it should investigate Microsoft Corp. for antitrust violations...

The decision by the Justice Department to consider pursuing its own investigation is unusual. Except in price-fixing cases, the FTC has never turned an investigation over to the Justice Department.

Computer industry executives said the FTC staff has focused on a number of issues in the \$1 billion-plus market for personal computer operating systems.

Hyundai Heavy Reverses Lockout

Talks to Resume, 2 Other Unions Reject Accords

SEOUL — Management at South Korea's Hyundai Heavy Industries Co., the shipbuilding unit of the Hyundai group, has dropped its plan to lock out 18,000 striking workers.

Meanwhile, union members at two other Hyundai subsidiaries voted down their leaders' tentative agreements with management in long-running labor disputes.

China Reins In Tax Breaks for Foreign Ventures

BEIJING — Foreign-funded enterprises in China have to re-register beginning Sunday as part of the central government's moves to nullify local tax breaks granted to foreign investors.

Even before the crackdown, tax revenue from foreign-funded enterprises jumped in the first six months of 1993 by 66 percent, to 8.1 billion yuan (\$1.41 billion).

Mr. Dong said China's tax revenue from foreign-funded ventures has expanded between 40 percent and 50 percent a year in the past few years.

But that still lags far behind the growth of foreign investment. In the first half of this year, foreign businesses pledged to invest \$58.8 billion, up 300 percent from the same period last year.

THE TRIB INDEX
International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News.

Tokyo Notebook

NHK News Bores Even More Deeply

To Western eyes accustomed to MTV and other highly visual broadcasts, the presentation of news at NHK, Japan's semi-public broadcaster, has long seemed plodding and pedantic.

The trigger, said Dinyar Devitre, chief executive officer of Philip Morris KK, was a decision in 1989 to tailor Marlboro's taste to Japan by adding a charcoal filter.

Mr. Devitre said the brand got a late start here because the Japanese tobacco market was not fully liberalized until 1987.

Mr. Devitre said the brand got a late start here because the Japanese tobacco market was not fully liberalized until 1987.

Marlboro Gain Un-Occidental

Few, if any, Japanese can come close to pronouncing it — too many R's and L's. But Marlboro, the world's most popular cigarette, is riding tall in Japan, although its market share remains a fraction of that in most other nations.

Mr. Devitre said the brand got a late start here because the Japanese tobacco market was not fully liberalized until 1987.

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Bank-Tank Reorients

Belatedly accepting its own advice to move globally, the world's largest organizer of international management education has come to Japan.

For years, the American Management Association has paid management gurus fat fees to appear at conferences and chide executives to act decisively and sharpen strategies to compete in the global marketplace.

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European Bank Finds East's Output Sinking

LONDON — With two years of recession already behind it, output in Eastern Europe fell in the first quarter of 1993, the European Bank for Reconstruction and Development said in its quarterly report, to be released Monday.

The bank said the worse-than-expected deterioration in trade between the Czech and Slovak republics would harm both countries, undermining that Bratislava would suffer more from the stoppage of tax transfers.

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Herald Tribune

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London. Tel: 322 40 00. Prices may vary according to market conditions and other factors. July 30

Dollar Straights

Con. Mar. Price No. Bid. Ask

Governments/Su-prationals

Table listing government and supranational bonds with columns for issuer, coupon, maturity, price, and bid/ask.

Table listing various international bonds with columns for issuer, coupon, maturity, price, and bid/ask.

Banks & Finance

Table listing bank and finance bonds with columns for issuer, coupon, maturity, price, and bid/ask.

Global Corporates

Table listing global corporate bonds with columns for issuer, coupon, maturity, price, and bid/ask.

Dollar Zeros

Table listing dollar zero bonds with columns for issuer, maturity, price, and bid/ask.

Ecus

Table listing ecus bonds with columns for issuer, maturity, price, and bid/ask.

Pounds

Table listing pounds bonds with columns for issuer, maturity, price, and bid/ask.

Yen

Table listing yen bonds with columns for issuer, maturity, price, and bid/ask.

Dollars

Table listing dollar bonds with columns for issuer, maturity, price, and bid/ask.

Floating Rate Notes

Table listing floating rate notes with columns for issuer, maturity, price, and bid/ask.

Canadian Dollars

Table listing Canadian dollar bonds with columns for issuer, maturity, price, and bid/ask.

Deutsche Marks

Table listing Deutsche mark bonds with columns for issuer, maturity, price, and bid/ask.

Mutual Funds

Table listing mutual funds with columns for name, price, and bid/ask.

Main table of international bond prices, organized by currency and issuer, with columns for issuer, coupon, maturity, price, and bid/ask.

NEW YORK

Table listing New York market data and prices.

Bid Ask

Table listing bid and ask prices for various securities.

MUTUAL FUNDS

Figures as of close of trading Friday, July 30.

Table listing mutual fund prices and performance data.

Bid Ask

Table listing bid and ask prices for various securities.

CURRENCY CRISIS / SALVAGING THE SYSTEM

GRID: EC Leaders Discuss Wider Foreign-Exchange Bands in Effort to Keep Unity Alive

Continued from Page 1. Squeezes on inflation, in an effort to limit the effects of massive spending on East German reconstruction...

Brown, chief economist at Mitsubishi Finance International in London. "What looks like a big step backwards may ultimately end up being the only way forward again."

would be a devastating political setback. Germany is in a more ambiguous position. There are powerful forces in the country that oppose any rush to European economic and monetary union.

calling for the mechanism to provide "more flexibility" so that other nations would not be so harmed by Germany's high interest rates.

Similarly, Henning Christophersen, the Community's economic affairs commissioner, said that officials hoped to do whatever they could to prevent the destruction of Europe's currency grid.

What Was on the Table

- BRUSSELS—EC finance ministers and central bankers were reportedly discussing six options Sunday to try to resolve the currency crisis:
• Widen trading margins, or bands, for all the currencies to allow more flexibility.
• Pull the system's strongest currencies, the mark and guilder, from the grid.
• Allow all the currencies in the system to float.

The Week Ahead: World Economic Calendar, Aug. 2-6

Table with columns for Asia, Europe, and The Americas, listing economic events and forecasts for various countries like Japan, Germany, and the US.

Japan Reported Set to Intervene On Rising Yen

TOKYO — The Bank of Japan will intervene in the foreign-exchange market if the yen moves higher following the European monetary crisis, the Nihon Keizai Shimbun reported on Sunday.

Good Signs for U.S. Bonds

NEW YORK — Treasury securities stand to gain further ground this week as a result of U.S. economic weakness, but some economists warn that American budget politics could get in the way.

But European Turmoil Raises a Caution Flag

The Treasury is expected to announce a refunding package of \$37 billion to \$38 billion of three- and 10-year notes and 30-year bonds. Other economists said the market could be hurt by doubts about Congress's ability to pass President Bill Clinton's deficit-reduction plan.

New International Bond Issues

Table listing bond issues from various countries including Credit Suisse, Boston Finance, Goldman Sachs, Gota Bank, Skopbank, Mazda Motor, etc., with columns for Issuer, Amount, Maturity, Coupon, Price, and Terms.

Times of London Tries Cutting Price in Kent

LONDON — The Times said on Sunday that it was cutting its price by 15 pence (22 U.S. cents) to some readers in southern England in an experiment aimed at stimulating readership.

Bethlehem Steel and Union Agree on 6-Year Contract

PITTSBURGH — Bethlehem Steel Corp. and the United Steelworkers of America said on Sunday they had agreed on a tentative six-year labor contract, diminishing the threat of a strike at the second-largest U.S. steelmaker.

Purchase of Airbus Jets Deferred by Philippines

MANILA — Philippine Airlines said Sunday it had deferred the planned purchase of six Airbus A340-200 jumbo jets for \$561 million to avoid the problem of overcapacity.

Euromarkets At a Glance

Table showing Euromarkets at a glance, including Eurobond Yields, Weekly Sales, and Labor Rates for various currencies and regions.

MUTUAL FUNDS

Table listing mutual funds with columns for Fund Name, Bid, Ask, and other financial details.

Last Week's Markets

Table showing stock indexes, money rates, and other market data for the week ending July 31.

Advertisement for Hotel Raphael Munich, featuring the text 'Our impressive renovation is complete. We can't wait to show you the results.' and 'SIMPLY THE BEST'.

MUTUAL FUNDS Continued

Table of mutual fund performance data including fund names, share classes, and various performance metrics.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 30.

Table of OTC Consolidated trading data for various stocks, including high, low, and close prices.

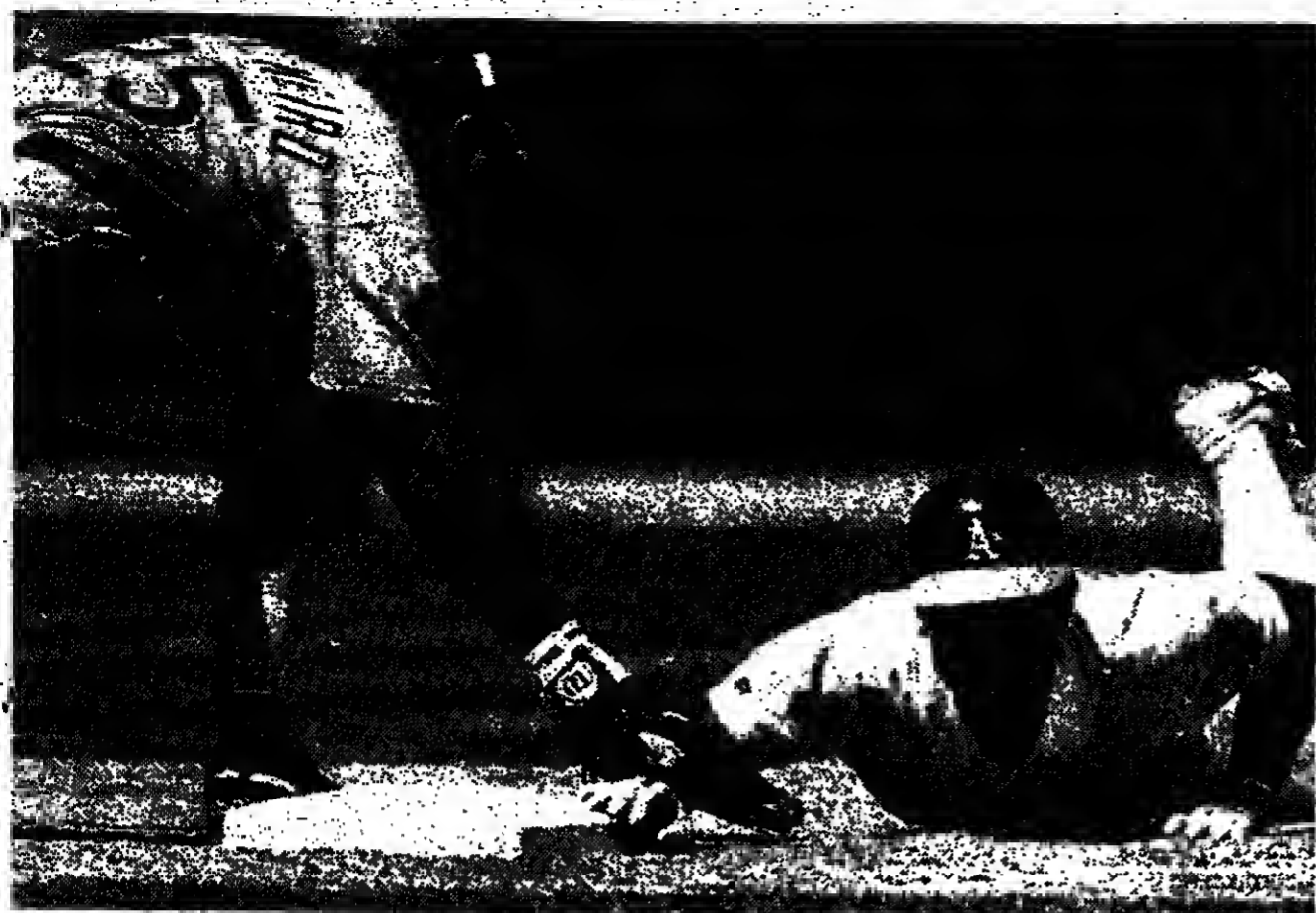
Main table of stock market data, including company names, stock symbols, and price/percentage changes.



Handwritten text at the bottom of the page: 'سكنا من الامس'

Continued on Page 11

MONDAY SPORTS BASEBALL



Winding down his stint with the Athletics, Blue Jays-bound Rickey Henderson just made it to first past the Rangers' Rafael Palmeiro.

A's Trade Henderson to Blue Jays

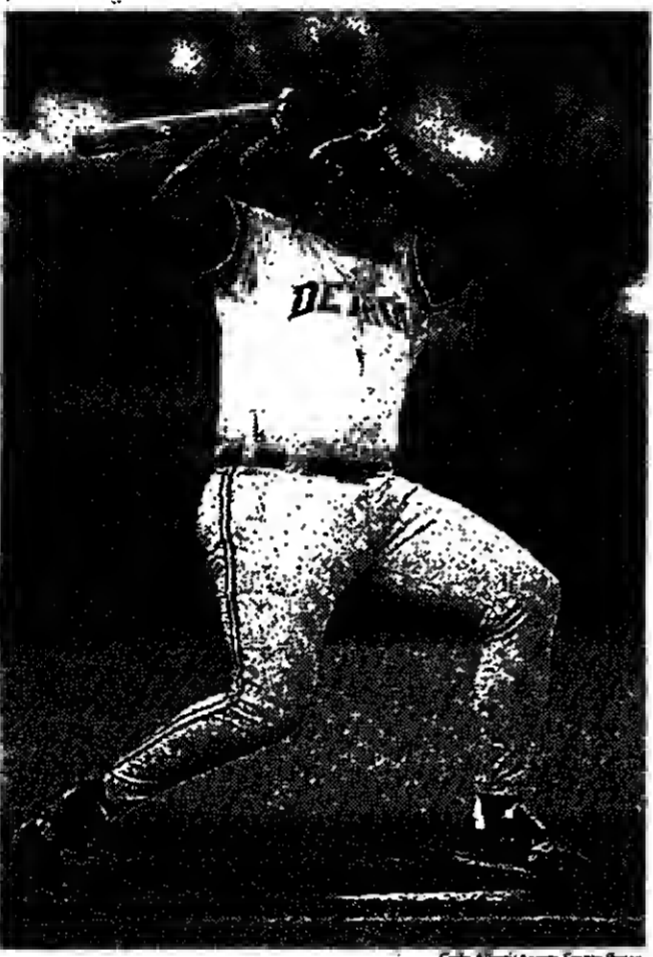
OAKLAND, California — Rickey Henderson, traded by the Oakland Athletics to Toronto, said he was looking forward to helping the Blue Jays win the American League East.

Deal-less in Seattle As Deadline Passes

The Toronto Blue Jays got Rickey Henderson, the Chicago White Sox got Tim Lincecum and another team was stiffed right when the major league trading deadline came and went without much happening.

Smoltz Leads Braves to Sweep of Astros

John Smoltz pitched well and David Justice homered as the Atlanta Braves defeated the Houston Astros, 3-2, Sunday for their ninth victory in 10 games and a sweep of the weekend series.



The Tigers' Cecil Fielder escaped an inside pitch but not the Jays.

Blue Jays Stop Tigers With Single in 9th

Tony Fernandez's two-out single scored the winning run in the bottom of the ninth inning Sunday to give the Blue Jays a come-from-behind 2-1 win over the Detroit Tigers in Toronto.

Indians 6, Royals 4: In Kansas City, Missouri, Alvaro Espinoza's double cupped a four-run fourth inning that helped Cleveland snap a four-game losing streak.

NL ROUNDUP

Houston loaded the bases with none out in the seventh after Smoltz allowed just two hits in the first six innings. Jeff Bagwell beat out an infield hit and moved to second on Luis Gonzalez's single before Ken Caminiti's hit loaded the bases. Eric Anthony then hit a two-run single.

NL ROUNDUP

St. Louis 4, Mets 3: In St. Louis, Missouri, Bernard Gilkey drove in three runs with a homer and two singles, and Lee Smith earned his major league-leading 36th save.

Hall of Fame: They Stand Alone, and Together

A 5-Man Lineup for NFL

CANTON, Ohio — The five inductees into the Pro Football Hall of Fame had a bit of drama on who would get the most emotional during their acceptance speeches.

Jackson at Cooperstown

COOPERSTOWN, New York — At the New York Yankees' recent old-timers' game, Reggie Jackson stood with Joe DiMaggio and Mickey Vernon. At the Hall of Fame on Sunday, Reggie would stand alone.

Ewing Kauffman, Royals' Owner, Dies

KANSAS CITY, Missouri — Ewing Kauffman, the self-made billionaire who founded and owned the Kansas City Royals, has died at 76, the team said Sunday.

INTERNATIONAL CLASSIFIED (Continued From Page 4) - A grid of classified advertisements for escorts and guides in various cities like London, Zurich, and Geneva.

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